

ANNUAL REPORT
OF
THE MINNESOTA STATE ETHICS
COMMISSION



JULY 1, 1974

With enactment of the Minnesota Ethics in Government Law, the Minnesota State Ethics Commission was created and charged with the unique responsibility of realizing meaningful government reform through implementation of this legislation. The six person commission was appointed by Governor Wendell R. Anderson according to criteria prescribed by the law. Former State Senator Stanley Holmquist was appointed as the former state legislator from a political party different from that of the governor. Senator Holmquist, of Grove City, served four years in the House of Representatives until he was elected to the State Senate in 1954. He was elected Majority Leader of the Minnesota Senate in 1967 and held that post until 1972.

Judge Spencer Sokolowski was appointed as the former state legislator representing the governor's political party. Sokolowski served one term in the House of Representatives prior to becoming a county probate judge in Anoka County.

Rosemary Davis served as DFL Chairperson in the Third Congressional District before her appointment to the Ethics Commission.

David Durenberger was an aide to former Governor Harold Levander. Prior to that he was an attorney in private practice and is currently legal counsel to the H.B. Fuller Company.

Ms. Irene Scott and Ms. Elizabeth Ebbott have been active in civic affairs but have not held public or political party office. Ms. Ebbott is a board member of the Minn. League of Women Voters and serves on the White Bear Lake School Board. Ms. Scott is a practicing attorney with a Minneapolis law firm.

The terms of the members were determined by lot with these results: Elizabeth Ebbott, one year term; Rosemary Davis and Stanley Holmquist, two year terms; Spencer Sokolowski, three year term; and David Durenberger and Irene Scott, 4 year terms.

As instructed by law, the Commission held its organizational meeting within 45 days of enactment, meeting initially on April 29, 1974. At subsequent meetings, the commission adopted working rules and elected officers, with Spencer Sokolowski elected as chairman, Stanley Holmquist, vice-chair, and Rosemary Davis as secretary.

In the absence of permanent staff, the commission was authorized by the House and Senate Majority and Minority caucuses to make use of legislative staff as needed. Mr. Joseph Beaton of Senate Minority Research and Ms. Ronnie Brooks of Senate Majority research were assigned.

The Commission wishes to give special thanks to Ms. Brooks for her long hours of research and effort in assisting the members in the early stages of implementing the law. Ms. Brooks served as acting Executive Director and assumed the responsibility of preparing drafts of the campaign forms, the rules and regulations for the campaign financing portions of the law, the the preparation

of a manual of rules and suggested accounting procedures. Moreover, she also assisted the commission in preparing staff descriptions and a work plan for the beginning months. Because of her extensive familiarity with the ethics law, Ms. Brooks proved to be an invaluable consultant to the Commission in its formative period.

Thanks also goes to Ms. Lois Mizuno, Executive Secretary to the Speaker of the House of Representatives, for her assistance with the sections of the law dealing with Statements of Economic Interest. Ms. Mizuno and Ms. Alice Murphy, also of the House staff, were assigned to serve the Commission until permanent staff could be hired.

CAMPAIGN REPORTS

Initial reports of receipts and expenditures of all political committees and political funds were required to be filed on July 7, 1974. Long hours were spent by the commission in drafting rules and regulations and preparing forms for campaign disclosure to meet this deadline. Full public participation was encouraged and testimony was received from a number of interested individuals.

On May 24, 1974, the Commission approved emergency rules and regulations covering campaign disclosure and issued notice of public hearing to be held on July 2, 1974. Reporting forms were prepared, along with a manual of rules, regulations and accounting procedures, and were made available to the public on June 6, 1974.

In order to meet the deadlines required by law, the Commission held 12 meetings between April 20, and June 30, 1974. In addition to the formal meetings, numerous other sessions were held on an ad hoc basis involving Commission members.

The Commission was critically aware of its obligation to educate the public on the new ethics legislation, particularly candidates and other individuals involved in political committees and funds. Workshops and seminars were held around the state throughout May and June. Commission members and staff attended these workshops, explaining the law and the reporting requirements. With the cooperation of both major political parties, two thousand sets of reporting forms were placed in the hands

of those committees who could be required to file, with ample time to comply with the required reporting date of July 7.

STATEMENTS OF ECONOMIC INTEREST

Chapter 470 requires that all "public officials" file personal statements of economic interest with the Ethics Commission. "Public Official" has a broad definition in the law and includes all members of the legislature and elected statewide officials, candidates for those positions, persons employed by the Executive Branch of government in key administrative posts, certain legislative employees, members of Twin City metropolitan agencies and all members of boards and commissions with rule-making authority as defined in Minnesota Statutes 15.0411, Subd. 3. (1974).

After long debate, the Ethics Commission approved the rules and regulations governing statements of Economic Interest on June 6, 1974, along with the forms, and established the reporting month for 1974 as July. Commission staff then began the difficult job of researching the many

boards and commissions in the state to determine which had rulemaking authority. One hundred and twenty-four separate boards and commissions were found in Minnesota and the Ethics Commission with the assistance of the Attorney General's office found fifty-three of these to have statewide authority. Staff was instructed to procure the names of all those individuals who would be required to file a personal statement of economic interest. Forms and notification of the requirements were sent to all those individuals. The rules and regulations governing statements of economic interest were included in the agenda for the public hearing scheduled for July 2, 1974.

ADVISORY AND OTHER OPINIONS

The Commission, under Section 2, subd. 12, of Chapter 470, is authorized to issue advisory opinions upon request. Two requests for advisory opinions were received and acted upon in this period. The Commission issued opinions on two questions, received from James Miles, Independent candidate for Governor.

A third request, received from State Senator J. Robert Stassen, was forwarded to the appropriate agency after deliberation by the Commission. The Commission found no jurisdiction in the matter, pertaining as it did to provisions in Minn. Stat. 211 (1974), and was unable to take any action.

Several other requests for advisory opinions were received by the Commission but no action was taken in this period.

BUDGET AND PERSONNEL

The sum of \$120,000 was appropriated for the Ethics Commission for the biennium. The Commission approved a budget of \$18,647.34 for the nine weeks remaining in Fiscal Year 1973-74 which was encumbered as follows:

Salaries and other Employee benefits	\$7,947.34
Per Diem to Commission	2,100.00
Printing and Binding	2,500.00
Communications	1,600.00
Supplies	1,000.00
Non-State Employee Service including personnel working an contract	<u>3,500.00</u>
	18,647.34

This budget included a large outlay for printing of forms and materials for campaign committee reports and a sizable postage expenditure. It is estimated that in the coming fiscal year mailing expenses will continue to be a major expenditure since there is a continual flow of mail between campaign committees, lobbying organizations and other interested groups, and the Commission.

The Commission hired an executive director on June 21, 1974. David L. Norrgard, former assistant executive director of the League of Minnesota Municipalities, agreed to take on the responsibilities of the chief administrator of the Commission. Mr. Norrgard brings to the Commission broad experience with government at all levels, having worked as a management consultant to governmental agencies across the country. Norrgard's salary was set at \$19,356 annually.

Mr. Johathan Morgan was appointed special attorney by the Attorney General at the request of the Ethics Commission. Morgan was former Solicitor General of the State of Minnesota and is currently with the firm of Briggs and Morgan in private practice.

The Commission employed one person on contract in this period, Ms. Alice Murphy, who had worked with the Commission while on loan from the House of Representatives. Ms. Murphy was hired for the sum of \$1,086 for a thirty day period to open the offices for the Commission, secure the necessary supplies and equipment and develop a filing, coding and cross-indexing system consistent with purposes of Sections 1 through 34 of Laws of Minnesota, 1974, Chapter 470.

Clerical help was hired for the Commission. Ms. Susan Scott, formerly employed by the House of Representatives and the University of Minnesota, was hired as senior clerk typist at an annual wage of \$7,224.

Norrgard was authorized as executive director to determine what additional help would be needed for the staff, to seek out and interview those individuals who would bring the necessary skills to the Commission to complement his own and to make suggestions regarding permanent employees.

PERMANENT QUARTERS

As the Commission must vacate its present offices when the 1975 legislative session convenes, a search for permanent quarters has been undertaken. Inquiries have been made through the Department of Administration in an effort to secure permanent quarters by the end of the calendar year. Space in the capitol complex would be preferred since the facilities of the Commission should be most accessible to the people it serves, -- lobbyists, candidates for public office and public officials and employees of government at all levels.

HEARINGS

The Commission anticipates a number of hearings on contested cases and complaints to be held throughout the coming year. For this purpose they have begun working on drafting rules and regulations for hearings in order to expeditiously hear each case brought to its attention to the satisfaction of all individuals concerned. Public hearings on these rules and regulations are tentatively scheduled for sometime this Falls.

LOBBYISTS

Laws of Minnesota, 1974, Chapter 470, requires all lobbyists to register with the Commission and file periodic reports regarding their disbursements for lobbying purposes. The Commission has been charged with the responsibility of drafting rules and regulations regarding lobbyists reports and the preparation of forms. Work has begun on this important segment of the ethics legislation.

A public hearing will be held before final adoption, and individual lobbyists, lobbying organizations, citizen groups, and the public will have an opportunity to discuss and draft rules and make suggestions before final promulgation.

CAMPAIGN COMMITTEE REPORTS

At the close of the fiscal year, the Commission office was in full operation in preparation for the first report of receipts and expenditures required of all campaign committees on July 7, 1974. There has been every evidence of full public willingness to cooperate with the law and the filing requirements. Staff members spend most of each

working day assisting candidates and other interested individuals in understanding the law and explaining the forms .

County auditors throughout the state received copies of the law and the reporting forms and were asked to inform the Commission officers of each individual filing for office .

Both major parties volunteered their mailing lists of county and legislative district thresurers and assisted in the mailing of materials to those groups .

Labor organizations and associations who intended to establish political funds also assisted in dispensing information and material to their outstate units and locals .

Based on the number of requests for reporting forms, 1800 committees and funds were expected to file with the Commission before the November elections . A sample of reports filed by June 30 showed a tendency toward overdisclosure, rather than itemizing the bare minimum prescribed by law . Even though the law requires committees to register and file reports only after they have raised or spent over \$100, most committees seemed to want to file immediately upon

organization. Contributions were frequently itemized under the \$50.00 disclosure limit and, in many instances, all expenditures were listed, even those as small as \$1.00. Many treasurers of campaign committees stated that the forms were an efficient accounting system and were a welcome help.

A filing and cross-indexing system was developed which facilitated rapid retrieval of any particular committee report. Forms are filed and cross-indexed alphabetically, by office sought or supported, and by the operating scope or area of the individual committee. A nine digit number is assigned to each committee which contains information as to its scope of operation, and the type of committee; (examples include the principal campaign committee of a candidate, a supporting political committee, or a political fund supported by an association organized for other purposes). A sequential number included in the identification number allows for expansion of numbers of both committees and funds. The filing system has provided easy accessibility to the reports for both the general public and the interested press.

LEGISLATIVE RECOMMENDATIONS

On June 21, the Commission agreed to hold hearings during the fall on legislative recommendations in order to prepare for the 1974 Legislative session. It is expected that a working knowledge of the law may point out problem areas not previously noticed. Included as possibilities for discussion are extending the scope and jurisdiction of the Ethics law to include Minn. Stat. 209, 210, and 211 (1974)

At all times since its inception, the Ethics Commission has encouraged public interest and participation in its work. Notices of all hearings and meetings are distributed to the working press, and to various legislative information offices. Meetings of the Commission are recorded and minutes kept of each meeting. Public inspection of the minutes of the Commission is allowed along with copies of all reports and statements filed with the Commission.